

## Information on Airbus Activities

### 1.1 Presentation of the Company

In order to secure our value chain position and maintain a competitive advantage, Airbus re-assesses its make or buy strategy and M&A strategy to better control its strategic know how and capture more of the value chain. Airbus launched Nacelle In-Sourcing for A320 UTAS nacelles in order to build competence in Ultra-high Bypass Ratio engine integration, where the integration itself will provide a significant part of future performance gain.

#### 8. Focus on profitability, value creation and market position; no need to chase growth at any cost; actively manage portfolio

Thanks to strong organic growth potential, mainly in the commercial airplane business, Airbus is going through a series of production ramp-ups with associated financial needs. On top of that, targeted investments are expected to help to position Airbus for the future. The financial strength of the Company is vital for mastering these challenges, and to ensure that we have enough room for manoeuvre for further strategic moves. As a prerequisite, the Company must remain attractive for investors, notably compared to its peers.

### Organisation of Airbus' Businesses

In 2017, the Company organised its businesses into the following three operating segments: (i) Commercial Aircraft, (ii) Helicopters and (iii) Defence and Space. However, as a continuation of a number of integration and normalisation steps that took place in 2012, 2013 and 2015, the Company is now merging its Group structure with its largest division Commercial Aircraft. The merger began mid-2017 and provided the opportunity to introduce a single Airbus brand for the Company and all its entities, effective since January 2017. On 12 April 2017, the Company changed its name from Airbus Group SE to Airbus SE, following approval at the Annual General Meeting. Therefore, the Company together with its subsidiaries is referred to as "Airbus" and no longer the "Group", and the segment formerly known as Airbus is referred to as "Airbus Commercial Aircraft". In this new set-up, Airbus retains Airbus Defence and Space and Airbus Helicopters as Divisions. The chart set out in "— General Description of the Company and its Share Capital — 3.3.6 Simplified Group Structure Chart" illustrates the allocation of activities.

#### Commercial Aircraft

Airbus Commercial Aircraft is one of the world's leading aircraft manufacturers of passenger airliners, ranging in capacity from 100 to more than 600 seats. Across all its aircraft families Airbus Commercial Aircraft's unique approach ensures that aircraft share the highest commonality in airframes, on-board systems, cockpits and handling characteristics. This significantly reduces operating costs for airlines.

Since it was founded in 1970 and up to the end of 2017, Airbus Commercial Aircraft has received orders for 18,191 commercial aircraft from 399 customers around the world. In 2017, Airbus Commercial Aircraft delivered 718 aircraft (compared to 688 deliveries in 2016) and received 1,229 gross orders (compared to 949 gross orders in 2016), or 50% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats (compared to 54% in 2016). After accounting for cancellations, net order intake for 2017 was 1,109 aircraft (compared to 731 aircraft in 2016). As of 31 December 2017, Airbus Commercial Aircraft's backlog of commercial orders was 7,265 aircraft (compared to 6,874 aircraft in 2016).

In 2017, Airbus Commercial Aircraft recorded total revenues of €50.96 billion – representing 75% of Airbus' revenues. See "— 1.1.2 Commercial Aircraft".

#### Helicopters

Airbus Helicopters is a global leader in the civil and military rotorcraft market, offering one of the most complete and modern ranges of helicopters and related services. This product range currently includes light single-engine, light twin-engine, medium and medium-heavy rotorcraft, which are adaptable to all kinds of mission types based on customer needs.

Airbus Helicopters delivered 409 helicopters in 2017 (418 in 2016) and received 335 net orders in 2017 (compared to 353 net orders in 2016). Order intake amounted to €6.54 billion (2016: €6.06 billion). Civil contracts accounted for 49% of this order volume, with military sales representing the remaining 51%. At the end of 2017, Airbus Helicopters order book stood at 692 helicopters (2016: 766 helicopters).

In 2017, Airbus Helicopters recorded total revenues of €6.45 billion, representing 9% of Airbus' revenues. See "— 1.1.3 Helicopters".

#### Defence and Space

Airbus Defence and Space is Europe's number one defence and space enterprise, the second largest space business worldwide and among the top ten global defence enterprises. Defence and Space puts a strong focus on core businesses: space, military aircraft, missiles and related systems and services.

Airbus Defence and Space is organised in four Programme Lines: Military Aircraft; Space Systems; Communications, Intelligence & Security (CIS); and Unmanned Aerial Systems (UAS). It develops and engineers cutting-edge products in the field of defence and space, enabling governments, institutions and commercial customers alike to protect resources and people while staying connected to the world. Airbus Defence and Space solutions guarantee sovereignty in foreign affairs and defence matters.

In 2017, Airbus Defence and Space recorded total revenues of €10.8 billion, representing 16% of Airbus' revenues. See "— 1.1.4 Defence and Space".

## Summary Financial and Operating Data

The following tables provide summary financial and operating data for Airbus for the past three years.

### CONSOLIDATED REVENUES BY DIVISION FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

<i>(in €m)</i>	<b>Year ended 31 December 2017</b>	Year ended 31 December 2016	Year ended 31 December 2015
Airbus Commercial Aircraft	50,958	49,237	45,854
Airbus Helicopters	6,450	6,652	6,786
Airbus Defence and Space	10,804	11,854	13,080
<b>Total Divisional revenues</b>	<b>68,212</b>	<b>67,743</b>	<b>65,720</b>
Other / HQ / Consolidation <sup>(1)</sup>	(1,445)	(1,162)	(1,270)
<b>Total</b>	<b>66,767</b>	<b>66,581</b>	<b>64,450</b>

(1) "Other / HQ / Consolidation" comprises the holding function of Airbus, the Airbus Bank and other activities not allocable to the reportable segments, combined together with consolidation effects.

### CONSOLIDATED REVENUES BY GEOGRAPHICAL AREA FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

	<b>Year ended 31 December 2017</b>		Year ended 31 December 2016		Year ended 31 December 2015	
	<i>Amount in €bn</i>	<i>In percentage<sup>(1)</sup></i>	<i>Amount in €bn</i>	<i>In percentage<sup>(1)</sup></i>	<i>Amount in €bn</i>	<i>In percentage<sup>(1)</sup></i>
Europe	17.0	25.4%	21.4	32.1%	20.1	31.1%
North America	12.6	18.9%	8.9	13.4%	10.2	15.9%
Asia / Pacific	24.8	37.2%	21.3	32.0%	18.8	29.1%
Rest of the World <sup>(2)</sup>	12.4	18.5%	15.0	22.5%	15.4	23.9%
<b>Total</b>	<b>66.8</b>	<b>100%</b>	<b>66.6</b>	<b>100%</b>	<b>64.5</b>	<b>100%</b>

(1) Percentage of total revenues after eliminations.

(2) Including the Middle East.

### CONSOLIDATED ORDERS BOOKED FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

	<b>Year ended 31 December 2017</b>		Year ended 31 December 2016		Year ended 31 December 2015	
	<i>Amount in €bn</i>	<i>In percentage<sup>(1)</sup></i>	<i>Amount in €bn</i>	<i>In percentage<sup>(1)</sup></i>	<i>Amount in €bn</i>	<i>In percentage<sup>(1)</sup></i>
<b>Orders booked<sup>(2)</sup></b>						
Airbus Commercial Aircraft <sup>(3)</sup>	143.4	90.3%	114.9	84.3%	139.1	87.1%
Airbus Helicopters	6.5	4.1%	6.1	4.4%	6.2	3.9%
Airbus Defence and Space	8.9	5.6%	15.4	11.3%	14.4	9.0%
<b>Total Divisional orders</b>	<b>158.8</b>	<b>100%</b>	<b>136.4</b>	<b>100%</b>	<b>159.7</b>	<b>100%</b>
Other / HQ / Consolidation	(1.1)		(1.9)		(0.7)	
<b>Total</b>	<b>157.7</b>		<b>134.5</b>		<b>159.0</b>	

(1) Before "Other / HQ / Consolidation".

(2) Without options.

(3) Based on catalogue prices for commercial aircraft activities.

CONSOLIDATED BACKLOG FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015<sup>(1)</sup>

	Year ended 31 December 2017		Year ended 31 December 2016		Year ended 31 December 2015	
	Amount in €bn	In percentage <sup>(2)</sup>	Amount in €bn	In percentage <sup>(2)</sup>	Amount in €bn	In percentage <sup>(2)</sup>
Airbus Commercial Aircraft <sup>(3)</sup>	950.4	95.1%	1,010.2	95.0%	952.4	94.6%
Airbus Helicopters	11.2	1.1%	11.3	1.1%	11.8	1.2%
Airbus Defence and Space	37.4	3.8%	41.5	3.9%	42.9	4.2%
<b>Total Divisional backlog</b>	<b>999.0</b>	<b>100%</b>	<b>1,063.0</b>	<b>100%</b>	<b>1,007.1</b>	<b>100%</b>
Other / HQ / Consolidation	(2.2)		(2.6)		(1.2)	
<b>Total</b>	<b>996.8</b>		<b>1,060.4</b>		<b>1,005.9</b>	

(1) Without options.

(2) Before "Other / HQ / Consolidation".

(3) Based on catalogue prices for commercial aircraft activities.

## Relationship between Airbus SE and Airbus

In line with the previous organisational structure, Airbus SE itself does not engage in the core aerospace, defence or space business of Airbus but coordinates related businesses, sets and controls objectives and approves major decisions for Airbus. As the parent company, Airbus SE conducts activities which are essential to Airbus' activities and which are an integral part of the overall management of Airbus. In particular, finance activities pursued by Airbus SE are in support of the business activities and strategy of Airbus. In connection therewith, Airbus SE provides or procures the provision of services to the subsidiaries of Airbus. General management service agreements have been

put in place with the subsidiaries and services are invoiced on a cost plus basis.

For management purposes, Airbus SE acts through its Board of Directors, Executive Committee, and Chief Executive Officer in accordance with its corporate rules and procedures as described below under "— Corporate Governance — 4.1 Management & Control".

Within the framework defined by Airbus SE, each Division, Business Unit and subsidiary is vested with full entrepreneurial responsibility.

## 1.1.2 Commercial Aircraft

Airbus Commercial Aircraft is one of the world's leading aircraft manufacturers of passenger airliners. Airbus Commercial Aircraft helps to shape the future of air transportation and drive steady growth around the world. Airbus Commercial Aircraft seeks incremental innovative technological solutions and the most efficient sourcing and manufacturing possible – so airlines can grow and people can connect. Airbus Commercial Aircraft's comprehensive product line comprises successful families of jetliners ranging in capacity from 100 to more than 600 seats: the single-aisle A320 Family, which is civil aviation's best-selling product line; the A330 Family; the new-generation widebody A350 XWB; and the flagship double-deck A380. Across all its aircraft families Airbus Commercial Aircraft's unique approach ensures that aircraft share high commonality in airframes, on-board systems, cockpits and handling characteristics. This significantly reduces operating costs for airlines. See "— 1.1.1 Overview" for an introduction to Airbus Commercial Aircraft.

Airbus Commercial Aircraft's global presence includes, on top of France, Germany, Spain and the United Kingdom, fully-owned subsidiaries in the United States, China, Japan, India and in the Middle East, and spare parts centres in Hamburg, Frankfurt, Washington, Beijing, Dubai and Singapore. Airbus Commercial Aircraft also has engineering and training centres in Toulouse, Miami, Mexico, Wichita, Hamburg, Bangalore, Beijing and Singapore, as well as an engineering centre in Russia. There are also 15 hubs and 143 field service stations around the world. Airbus Commercial Aircraft also relies on industrial co-operation and partnerships with major companies and a wide network of suppliers around the world.

### Strategy

Airbus Commercial Aircraft's primary goal is to deliver strong results in a sustained manner, while commanding a further increased share of the worldwide commercial aircraft market over the long-term and expanding its customer services offering. To achieve these goals, Airbus Commercial Aircraft is actively:

## Developing the Most Comprehensive Line of Products in Response to Customer Needs

Airbus Commercial Aircraft continuously seeks to develop and deliver new products to meet customers' evolving needs, while also improving its existing product line. The A330neo (new engine option) is one of the evolutions to the A330 Family and the A320neo (new engine option) is one of many product upgrades to the A320 Single-Aisle Family to maintain its position as the most advanced and fuel-efficient single-aisle aircraft family.

Airbus Commercial Aircraft is also currently pursuing (i) development and production on the A350 XWB programme, and (ii) research on the development of new aircraft in the short-range, medium-range and long-haul segments.

To support the A350 XWB ramp-up and other production increases, a new super transporter is under development, with the first of five Beluga XL aircraft to enter into service in 2019.

## Expanding its Customer Services Offering

Airbus Commercial Aircraft seeks to remain at the forefront of the industry by expanding its customer services offering to meet customers' evolving needs. As a result, Airbus Commercial Aircraft has developed a wide range of value-added and customised services which customers can select based on their own make or buy policy and needs. This approach provides Airbus operators with solutions to significantly reduce their operating costs, increase aircraft availability and enhance the quality of their operations.

## Building a Leaner, More Fully Integrated Company

In order to build a leaner, more fully integrated company and thereby bolster its competitiveness, Airbus Commercial Aircraft is adapting its organisation to foster an entrepreneurial spirit and empower more teams, while maintaining harmonised processes across all sites. For series programmes, additional responsibilities and means have been delegated to plants for delivery at increased rates. Airbus also has become a more integrated company, working towards one common culture across its global workforce, as well as aligning processes and planning with the global supplier base.

## Market

### Market Drivers

The main factors affecting the commercial aircraft market include passenger demand for air travel, cargo activity, economic growth cycles, oil prices, national and international regulation (and deregulation), the rate of replacement and obsolescence of existing fleets and the availability of aircraft financing sources. The performance, competitive posture and strategy of aircraft manufacturers, airlines, cargo operators and leasing companies as well as wars, political unrest, pandemics and extraordinary events may also precipitate changes in demand and lead to short-term market imbalances.

In recent years, China and India have emerged as significant new aircraft markets. According to internal estimates, they are expected to constitute the first and third most important markets by aircraft delivery value, respectively, in the next twenty years. As a result, Airbus Commercial Aircraft has sought to strengthen its commercial and industrial ties in these countries. New aircraft demand from airlines in the Middle East has also become increasingly important, as they have rapidly executed strategies to establish a global presence and to leverage the benefits the region can deliver.

The no-frills / low-cost carriers also constitute a significant sector, and are expected to continue growing around the world, particularly in Asia, where emerging markets and continued deregulation should provide increased opportunities. While single-aisle aircraft continue to be a popular choice for these carriers, demand for Airbus Commercial Aircraft's range of twin-aisle aircraft may also increase as some of these carriers develop or further develop their long-range operations.

**Overall growth.** The long-term market for passenger aircraft depends primarily on passenger demand for air travel, which is itself primarily driven by economic or GDP growth, fare levels and demographic growth. Measured in revenue passenger kilometres, air travel increased in every year from 1967 to 2000, except for 1991 due to the Gulf War, resulting in an average annual growth rate of 7.9% for the period. Demand for air transportation also proved resilient in the years following 2001, when successive shocks, including 9/11 and SARS in Asia, dampened demand. Nevertheless, the market quickly recovered.

At the end of 2008 and in 2009, the financial crisis and global economic difficulties witnessed resulted in only the third period of negative traffic growth during the jet age, and a cyclical downturn for airlines in terms of traffic (both passenger and cargo), yields and profitability.

More recently, air travel demand growth has gained solid momentum, supported by the ongoing improvement in global economic conditions throughout the year. World real GDP growth is projected to be at 2.7% in 2017, an acceleration from the 2.4% in 2016, and is expected to further strengthen to 2.9% in 2018. The upward trend was driven by the strengthening investment in advanced economies as well as the recovery in emerging market and developing economies owing to the increased export demand. The lower air fares owing to the low fuel price also continued to stimulate traffic growth, albeit at a more moderate level compared to 2016.

Preliminary figures released at the end of 2017, by the International Civil Aviation Organisation (ICAO), confirmed that some 4.1 billion passengers made use of the global air transport network for their business, tourism needs or for simply visiting friends and relatives (VFR) in 2017. The annual passenger total is up 7.1% compared to 2016 and the number of departures rose to approximately 37 million globally. World passenger traffic, expressed in terms of total scheduled revenue passenger-kilometres (RPKs), posted an increase of 7.6% with approximately 7.7 trillion revenue passenger kilometres performed.